



EXPERIENCE **MATTERS**

**2016**

ANNUAL REPORT

## 3.5 CORPORATE GOVERNANCE

In this chapter the broad outline of SBM Offshore's corporate governance structure is explained, partly by reference to the principles mentioned in the Dutch Corporate Governance Code. This chapter indicates to what extent SBM Offshore applies the best practice provisions in the Dutch Corporate Governance Code. This chapter describes the role of the corporate bodies, the role of the Auditor and of the Stichting Continuïteit.

On Thursday December 8, 2016 the Corporate Governance Code Monitoring Committee published the revised Dutch Corporate Governance Code (the Code). Dutch listed companies are required to report in 2018 on compliance with the revised Code in the 2017 financial year. The condition for this is that the revised Code is enshrined in Dutch law by the cabinet in 2017.

### 3.5.1 CORPORATE GOVERNANCE STRUCTURE

SBM Offshore N.V. is a limited liability company ('Naamloze Vennootschap') incorporated under the laws of the Netherlands with its statutory seat in Amsterdam. The Company is listed on the Amsterdam Euronext Exchange. The Company has a two tier board consisting of a Supervisory Board and a Management Board. Each Board has its specific roles and tasks regulated by laws, the articles of association, the Corporate Governance Code, the Supervisory Board rules and Management Board rules. The Supervisory Board rules and Management Board rules were lastly amended in February 2016 and are published on the Company's website [www.sbmoffshore.com](http://www.sbmoffshore.com) together with the articles of association. In 2016, there were no substantial changes in the corporate governance structure of the Company.

SBM Offshore complies with all applicable principles and best practice provisions of the Dutch

Corporate Governance Code, the full text of which can be found on [www.mccg.nl](http://www.mccg.nl). The details on compliance with the Dutch Corporate Governance Code can be found on SBM Offshore's corporate website under 'Rules governing the Supervisory Board'.

### 3.5.2 MANAGEMENT BOARD

The Company is managed by the Management Board, under the supervision of the Supervisory Board. The Management Board currently consists of four members: the Chief Executive Officer, the Chief Financial Officer, the Chief Operating Officer and the Chief Governance and Compliance Officer. The members of the Management Board are appointed and can be suspended or dismissed by the General Meeting. Further information about the appointment and dismissal of Management Board members can be found in SBM Offshore's articles of association.

The Management Board is collectively responsible for setting and implementing the mission, vision and strategy of the Company. The Management Board acts in accordance with the interests of the Company. The Management Board is responsible for the Company's objectives and strategy, the risk profile laid down in the strategy, the Company's financing, corporate responsibility and for compliance with relevant legislation. Each year, the Management Board presents to the Supervisory Board the strategy of the Company, the Operational Plan and the financial objectives that allow quantification and progress measurement of the strategy implementation. The Company's Strategy Plan 2017 – 2019 has been discussed with and was approved by the Supervisory Board in December 2016. The Operating Plan 2017 was formally adopted during the meeting of the Supervisory Board in February 2017. More information about the ways of working of the Management Board can be found in the



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Management Board rules, as available on the Company's website.

### 3.5.3 SUPERVISORY BOARD AND COMMITTEES

The Supervisory Board supervises the management of the Company and its businesses, the effectiveness and the integrity of the internal control and risk management systems and procedures implemented by the Management Board as well as the general conduct of affairs of the Company and its businesses. The Supervisory Board assists the Management Board with advice in accordance with the Dutch Corporate Governance Code, the articles of association and the Supervisory Board rules. In the performance of its duties, the Supervisory Board is guided by the interests of the various groups of stakeholders of the Company. In addition, certain (material) decisions of the Management Board, as stipulated in the Dutch Civil Code, articles of association or the Supervisory Board and Management Board rules, require the Supervisory Board's prior approval.

The Supervisory Board currently consists of eight members. Members of the Supervisory Board are appointed by the General Meeting following nomination by the Supervisory Board. Further information about the appointment and dismissal of Supervisory Board members can be found in SBM Offshore's articles of association.

Except for Mr. Hepkema, who was a Management Board member of SBM Offshore until his appointment as Supervisory Board member in April 2015, all Supervisory Board members are independent from the Company within the meaning of best practice provision III.2.2 of the Dutch Corporate Governance Code. None of the Supervisory Board members are on the Management Board of a Dutch listed company in

which a member of the Management Board of the Company is a Supervisory Board member.

The Supervisory Board has three subcommittees: the Audit Committee, the Appointment and Remuneration Committee and the Technical and Commercial Committee. The Appointment and Remuneration Committee is a joint committee with two separate chairpersons and two separate tasks: the selection and appointment preparation of Management Board and Supervisory Board members and the preparation of decision making regarding remuneration matters. SBM Offshore has an internal audit department with direct reporting to the Audit Committee. More information about the ways of working of the Supervisory Board and its committees can be found in the Supervisory Board and Committee rules, as available on the Company's website. The Supervisory Board has drawn up a retirement schedule for its members, which is also available on the Company's website.

### 3.5.4 SHAREHOLDERS AND THE ANNUAL GENERAL MEETING

The authorized share capital of the Company amounts EUR 200 million and is divided into 400,000,000 ordinary shares with a nominal value of EUR 0.25 and 400,000,000 protective preference shares also with a nominal value of EUR 0.25. The preference shares can be issued as a protective measure, as explained below in the section on the Stichting Continuïteit SBM Offshore.

With reference to the articles of association, all shareholders are entitled to attend the General Meeting, to address the General Meeting and to vote. At the General Meeting each Ordinary Share with a nominal value of EUR 0.25 each shall confer the right to cast one (1) vote. Each protective preference share with a nominal value of EUR 0.25 each shall confer the right to cast one (1) vote, when issued. None of the protective preference shares